



Morning Alert - Wednesday, June 14, 2017

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HEADLINES

Morning News

NHK gave top play to a report that Attorney General Sessions testified before a Senate Intelligence Committee hearing on Tuesday. NTV and TV Asahi led with reports that Japan's national soccer team tied with Iraq in a World Cup final qualifier on Tuesday. TBS led with updates on the Kake Educational Institution scandal. Fuji TV gave top play to a report that Tokyo Governor Koike will likely decide to relocate the Tsukiji fish market to Toyosu as planned.

Top stories in national papers included the Abe administration's plan to enact the anti-conspiracy bill this week and a Supreme Court decision to acquit three former JR West presidents charged with professional negligence resulting in death and injury in connection with a train derailment in 2005.

INTERNATIONAL

Senior DOS official comments on U.S.-China relations

Asahi ran an exclusive interview with Under Secretary Shannon in Tokyo on Tuesday, during which he dismissed regional concern about the Trump administration potentially cutting a trade deal with China at the expense of security by saying: "We don't trade security for access to markets. Security comes first." He went on to say that U.S. relations with Japan, South Korea, and ASEAN members have a "historical depth" and that Washington will "not abandon" the partners. The U.S. official criticized China's militarization of the South China Sea, adding that the U.S. military will continue to conduct freedom of navigation operations. On North Korea, he acknowledged that global efforts to restrain the Kim regime through enhanced sanctions have not been successful, as the DPRK continues to launch ballistic missiles. He expressed hope for further actions by the Chinese to

dissuade Pyongyang from staging provocations. The daily also took up his comments on concerns held by some about Japan's possession of a growing amount of plutonium, quoting him as saying: "Japan is one of our best non-proliferation partners. We don't have concerns about this."

Japan proposes trilateral summit with China, ROK in Tokyo next month

Yomiuri and Nikkei claimed that the GOJ has sounded out China and South Korea about holding a trilateral summit with Chinese Premier Li and South Korean President Moon in Tokyo in late July, noting that while Seoul is receptive to the idea, Beijing is cautious about it. Prime Minister Abe is apparently hoping to have the two leaders visit Japan at an early date to confirm trilateral coordination amid growing tension on the Korean Peninsula.

Secretary Tillerson calls for stronger pressure on DPRK

Yomiuri took up congressional testimony on Monday by Secretary Tillerson, who noted that China and Russia could exert greater pressure on North Korea by restricting their petroleum exports. He said sanctions on the defiant regime will not be effective without their support. In a related development, several dailies reported on the disclosure by Secretary Tillerson at the same session that the Kim regime recently released an American college student who had been detained in Pyongyang since January 2016.

Blue House spokesman retracts statement on comfort women accord

Most papers reported that in announcing the appointment of a cabinet minister in charge of the comfort women issue on Tuesday, a spokesman of South Korea's presidential office said the nominee "will resolve urgent outstanding issues smoothly, including renegotiating the ROK-Japan comfort women agreement." The office later withdrew the statement by saying it does not represent the Moon administration's official position. The dailies also wrote that in April the ROK government submitted to the district court in Seoul a position paper saying the bilateral pact with the Japanese government does not affect the victims' right to seek compensation from Tokyo.

Japan perplexed by Russia's maritime survey near Hokkaido

Asahi wrote that the Japanese government is perplexed by a recent maritime survey conducted by a Russian ship in Japan's exclusive economic zone north of Hokkaido last week, especially because it occurred when the mood for rapprochement is growing ahead of a visit to the Northern Territories by former Japanese residents and a tour of the disputed isles by a Japanese delegation to conduct a field survey for joint economic activities. Some GOJ officials are displeased that the Russians "dumped cold water" on Japan's efforts to forge a relationship of trust with the Putin administration.

POLITICS

Anti-conspiracy bill to be enacted on Friday

All papers wrote that the GOJ and the ruling coalition plan to pass the anti-conspiracy legislation as early as Friday, noting that an Upper House committee will vote on it tomorrow. The opposition bloc on Tuesday submitted a censure motion against Justice Minister Kaneda to derail the bill, but this will be voted down by the ruling coalition today. While the opposition is also likely to submit a no-confidence motion against Prime Minister Abe, the Abe administration and the ruling coalition are determined to enact the bill and conclude the Diet session as soon as possible.

GOJ to establish regulations for casinos

All papers reported on a GOJ panel meeting yesterday on “integrated resorts,” during which academics and other experts discussed rules and regulations for casino operations. According to the dailies, as measures to prevent gambling addiction, cash dispensers will not be installed in casinos and Japanese customers will not be allowed to use credit cards. A limit will also be set for the area to be occupied by casinos so that gambling facilities will not take up a disproportionate amount of the resort facility.

ECONOMY

Trump to announce legislation to crack down on dumping of steel, aluminum imports

Asahi, Mainichi, and Sankei highlighted President Trump’s remarks on Monday that he will announce “important legislation” in the near future to counter what he referred to as the dumping of steel and aluminum imports. The dailies said although Chinese products appear to be the primary target, Japanese imports may also be affected by the measure. As the Trump administration may invoke Section 232 of the 1962 Trade Expansion Act to impose punitive tariffs on foreign imports, other countries may be prompted to take actions in response to the U.S.’s protectionism. Mainichi added that Treasury Secretary Mnuchin, National Economic Council Director Cohn, and the Pentagon are cautious about the President’s idea.

Japan, EU to hold intensive discussions on import duties

Yomiuri projected in a report from Brussels that when holding trade talks in Tokyo later this week, EU and Japanese officials will focus on discussions on reducing tariffs and will put off negotiations on such controversial items as a dispute settlement mechanisms and “data transfer” with the goal of forging a basic consensus for a bilateral EPA on the margins of the upcoming G20 summit to be held in Germany in July. Japan is opposed to the EU demand for the establishment of a standing conflict resolution entity, while the European side is hesitant to heed Tokyo’s call for unrestricted access to customer information and other data obtained by European companies on the grounds that Japan’s safeguard protections are weak. The daily wrote in a separate piece that the EU side is demanding substantial cuts in Japan’s tariffs on European wine, cheese, and other agricultural products, adding

that Tokyo is insisting that the levels of those duties cannot drop below those agreed upon under the TPP.

Meanwhile, Sankei said the EU side has offered to eliminate the current 10% duties on Japanese auto imports six years after an EPA takes effect. While Japan is hoping to shorten the proposed period to five years, it may have to compromise on farm tariffs in return.

Broadcom leading race to acquire Toshiba Memory

Yomiuri wrote that Toshiba is inclined to sell its flash memory division to the Broadcom-Silver Lake consortium on the grounds that it has offered 2.2 trillion yen and that anti-trust screening in multiple jurisdictions will probably go relatively smoothly. Meanwhile, Asahi said in order to counter Broadcom's bid, the group led by equity fund KKR and the Innovation Network Corporation of Japan may join hands with the consortium involving Bain Capital and South Korea's SK Hynix. Yomiuri wrote that Western Digital may participate in this group.

SECURITY

Japan asks U.S. not to conduct parachute training at Kadena

Mainichi reported on the disclosure by Defense Minister Inada on Tuesday that her ministry has urged the U.S. military not to conduct a parachute drop drill that is scheduled for today at Kadena AB. The minister expressed "regret" over the planned training, the third of its kind in three months, emphasizing that such training can only be carried at Kadena under "exceptional circumstances."

